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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1950.

## No. 417

A.B.T. MANUFACTURING CORPORATION,
*Petitioner,*

*vs.*

NATIONAL REJECTORS, INC.,
*Respondent.*

## RESPONDENT'S BRIEF URGING THAT CERTIORARI BE DENIED.

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The Scheffer Press, Inc.—ANdover 3-6850

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## RESPONDENT'S BRIEF URGING THAT CERTIORARI BE DENIED.

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TO THE HONORABLE THE CHIEF JUSTICE OF THE UNITED STATES AND THE ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES:

### Counter-Statement of Matters Involved.

The patent in suit was, in 1939, adjudged, by final consent decree in this case, to be valid and infringed (R. 139). Concurrently, the petitioner was granted a written license (R. 140). The present proceeding (instigated June 10, 1949), in the same case, involves abandonment of that license by the licensee, cancellation thereafter by the licensor in strict accordance with the terms of the license, and infringement after cancellation.

In the present proceeding, the District Court, after open court trial, where it saw and heard all the witnesses, and observed the various demonstrations, and after briefs and arguments, found in favor of respondent on all controlling facts, made conclusions based thereon, and entered a judgment in respondent's favor (R. 151-159). The Court of Appeals, after full briefs and arguments, agreed with the District Court on all findings and conclusions, and affirmed the judgment (R. 269-276). Therefore, this case, under the well recognized rule, is not one of the rare exceptions for certiorari.

Further, there is no conflict with the decisions of another Court of Appeals on any point, there is no decision on an important question of local law in a way probably in conflict with applicable local decisions, there is no decision of an important question of federal law which has not been and which should be settled by this Court, there is no decision of a federal question in a way probably in conflict with this Court, nor has anything been done as to call for an exercise of this Court's power of supervision.

Petitioner repeatedly stresses that the patent in suit dominates "an entire industry". There is no such proof in the record.

Promptly following the decision of the Court of Appeals, and probably while preparing its petition for certiorari to this Court, petitioner filed in the Eighth Circuit at Saint Louis, a petition for declaratory judgment,* urging, in effect, that because of changes made in the models enjoined, they were no longer covered, or, in other words, dominated, by the patent in suit.

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* A photostatic copy of said petition, without exhibits, bearing the clerk's signature and filing date of October 30, 1950, is filed herewith; and a copy of said petition is reproduced at the end hereof as an appendix.

The entire original patent, including the drawings, specification and claims, was reproduced exactly in the reissue patent in suit (Defendant's Exhibit 10), including Claim 1 here involved. Therefore, the consent decree of 1939, so far as the original patent is reproduced in the reissue, applies to the reissue. (*Rancourt* v. *Panco Rubber Co.*, 67 F. (2d) 790, 791 (C.A.1); *Goodrich Co.* v. *American Lakes Paper Co.*, 23 F. Supp. 682, 685 (D.C.Dela.); *Del Turco* v. *Traitel Marble Co.*, 25 F. (2d) 308, 309 (D.C.E.D.N.Y., 1928).)

The original and the reissue Claim 1 contained the language "for successively operating said movable plate and movable blade". There was nothing said or done whatever in the reissue oath, or otherwise, which changed that language, by interpretation or otherwise. The oath said the claim was limited to that language, and petitioner's models here involved employ that feature.

After the reissue, it was agreed by the parties (R. 43) that the license agreement applied to the reissue patent No. 21,301.

One of the models held to infringe Claim 1 by the previous final consent decree (Plaintiff's Exhibit 5D, R. 52) contained and embodied precisely the same means for successively operating said movable plate and movable blade. In other words, in that model the *initial movement* was simultaneous, as in the models enjoined in the present proceedings, but the operation was successive, as found both by the District Court and the Court of Appeals.

Therefore, any contention that the respondent at any time attempted to change or modify the final consent decree of 1939 is perfectly absurd. If anyone is attempting to change or modify it, it is the petitioner, for one of the models held to infringe by that decree contained and embodied precisely the same means for successively operat-

ing the movable plate and movable blade as the model enjoined in the present proceedings.

The Court of Appeals said (R. 273-4):

> "It is obvious that before the detained slug can be swept away from the magnet, the plate or raceway upon which it approaches the magnet must be removed so that the wiper can force the slug down through the space which the movable plate would otherwise occupy. In other words, the lever causes both elements to move but with such timing that the wiper does not reach the slug and sweep it away from the magnet until the movable plate has been put out of the way. In this connection the District Court found: 'In scavenging the coin pathway, in each of said accused devices, the first operation is the removal of the movable gate and runway, so that rejection or discharge of a slug or other foreign material will not be blocked. The second operation is the wiper blade's contacting the slug or other matter, and forcing it out of the coin pathway. These operations are successive. Defendant's expert witness, on cross-examination, admitted that in all the accused devices "there are means whereby the movable plate with its runway is moved out before the wiper blade wipes the foreign material or magnetic coin from the magnetic field."' We think this is the only possible conclusion that could have been reached, for if the two elements discharge their separate functions simultaneously, inoperability results."

Thus it is perfectly clear that the Court of Appeals confirmed the findings of fact of the District Court on this point.

The petitioner did nothing within the ninety days allowed in the license to cure the default, or during a period of several months thereafter. Thus the cancellation of the license by the actions of the parties had become final and forever binding, before this proceeding was instigated.

The District Court sanctioned the cancellation, and the Court of Appeals affirmed.

**The Questions Involved.**

(1) After the petitioner abandoned the license and respondent subsequently cancelled, in strict accordance with the terms of the license, were both Courts correct in judicially confirming the cancellation; and

(2) Were both Courts correct in *finding* that the accused models contained and embodied the features, elements and characteristics of Claim 1 of the patent in suit, including means for successively operating said movable plate and movable blade, and in holding the accused models to infringe the claim in suit?

Respondent insists that both Courts, in so doing, followed sound applicable law, and did not go contrary to any applicable decisions in this or any other court, and that their findings are amply supported by the record; and that no grounds whatever exist for granting certiorari here.

It is crystal clear that the accused devices have means for successively operating the movable plate and the movable blade, that the abandonment and forfeiture of the license took place by the action of the parties effective December 8, 1948, and that both the District Court and the Appellate Court were correct in judicially confirming the cancellation and holding that the final consent decree of December 7, 1939 is forever binding on the parties, and equally applies to the reissue, which repeats the entire original patent, including Claim 1, the only claim here involved.

The petitioner's Model 4005 (Plaintiff's Exhibit 5D), held to infringe in the final consent decree of 1939, is identical with the models held to infringe in the present pro-

ceedings, so far as the successive operation of the movable plate and movable blade are concerned. That is the only point the petitioner contested, as it admitted it had all the other features. The District Court, after hearing the witnesses in open court, and observing the tests and demonstrations, found that the models involved in the present proceedings did have means for successively operating said movable plate and movable blade, which finding was confirmed by the Court of Appeals. The Court of Appeals did not hold that there was infringement because the result was the same, but because the accused structures involved in this proceeding embodied the invention described in Claim 1.

The Court of Appeals did not lay down any rule of law of first impression, as contended by petitioner. On the contrary, it said (R. 275):

> "Furthermore, the Court did not forfeit the license; plaintiff did so, as it had a right to do under the plain reading of the contract of the parties."

The matter of cancellation had already taken place by the action of the parties themselves, before the case ever reached the District Court. The petitioner, by its statement (R. 78) that petitioner "does not manufacture slug rejectors which embody the inventions set forth, described and claimed in the patents constituting the subject matter of this license", abandoned the license. The respondent accepted the abandonment and served notice of cancellation in strict accordance with the terms of the license. That was the end of that matter. The only way that the license could be reinstated or revived would be by agreement of the parties. There has been no such agreement. *Hammacher* v. *Wilson*, 26 Fed. 239, 241 (C.C. Mass., Judges Colt and Carpenter); *Platt* v. *Fire-Extinguisher Mfg. Co.*, 59 Fed. 897, 900 (C.A. 3); *Indiana Mfg. Co.*, v. *J. I. Case Threshing Machine Co.*,

154 Fed. 365, 366 (C.A. 7, opinion by Judge Baker).

In the District Court, when attempting to focus the issues, the following occurred (R. 125-126):

> "The Court: Well, if your device that is charged with infringement here is a device that successively operates that mechanism, you are within Claim 1 of the original patent as well as the reissue Claim 1, aren't you?
>
> "Mr. Threedy: We are within Claim 1, original Claim 1, if it successively operates. Of course, we are claiming that it does not.
>
> "The Court: That is what this whole lawsuit is about, whether it has successive operation or simultaneous operation.
>
> "Mr. Threedy: I think that is the issue before the Court and I will promptly address my argument to the Court on that matter, but I have a few other observations."

The Court took petitioner's counsel at his word, and began its opinion, delivered immediately upon the conclusion of the argument, as follows (R. 126):

> "The Court: Well, I think this whole case comes down to the answer to the question as to whether or not this accused device is something which, in form, is one that is operated as the result of a simultaneous operation or whether the operation of it is a successive operation. That is all I see to your dispute here."

In Finding of Fact 14 (R. 153), the Trial Court stated:

> "The facts and grounds upon which plaintiff cancelled the aforesaid license were not controverted or disputed at the trial, except that the defendant urged that the accused models do not come within the scope of Claim 1 of the reissue patent."

Further, in Finding of Fact 19 (R. 154-155), the Court said:

> "In its argument after trial, defendant conceded that the only issue contested by defendant is whether its accused devices (Pl. Exh. 11, 12 and 13) have successive operation of the movable plate and movable blade. The Court finds, from the evidence and from various demonstrations made in Court, and particularly the demonstrations of Def. Exh. 8, that each and all of the accused devices have means for successively operating said movable plate and movable blade, and are covered by and come within the terms of Claim 1 of the reissue patent in suit."

## CONCLUSION.

For the reasons heretofore pointed out, we urge that the petition for certiorari be denied.

Respectfully submitted,

CLARENCE J. LOFTUS,
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135 South LaSalle Street,
Chicago, Illinois,
*Counsel for Respondent.*

## APPENDIX.

IN THE

UNITED STATES DISTRICT COURT

For the Eastern District of Missouri,

Eastern Division.

| | |
|---|---|
| A.B.T. MANUFACTURING CORPORATION, a corporation of Illinois, Petitioner, vs. NATIONAL REJECTORS, INC., a corporation of Missouri, Respondent. | Civil Action No. 7584 (1) Filed Oct. 30, 1950 James J. O'Connor Clerk |

**PETITION FOR DECLARATORY JUDGMENT.**

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TO THE HONORABLE JUDGES OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF MISSOURI, EASTERN DIVISION:

Your petitioner prays the declaration hereinafter set forth and respectfully represents:

### I.

Petitioner, A. B. T. Manufacturing Corporation, is a corporation duly organized and existing under and by virtue of the laws of the State of Illinois, and has its principal place of business at 715 North Kedzie Avenue, in the City of Chicago, County of Cook, and State of Illinois.

### II.

Respondent, National Rejectors, Inc., is a corporation duly organized and existing under and by virtue of the laws of the State of Missouri, and has its principal place

of business at 5100 San Francisco Avenue, in the City St. Louis and State of Missouri, within the Eastern District of Missouri, Eastern Division.

III.

Petitioner is engaged in the manufacture and sale of slug rejectors known as its Models 7000-C series and 6500-C.

IV.

The jurisdiction of this court arises under the patent laws of the United States and involves an actual controversy within the meaning of the Judicial Code, Sec. 274 (d), U. S. C. Title 28, Sec. 400, between petitioner and respondent as to whether or not the aforesaid slug rejectors, Models 7000-C series and 6500-C, constitute an infringement of Reissue Letters Patent No. 21,301, granted to Benjamin W. Fry and John Gottfried on December 19, 1939, for an alleged invention in a Coin Selector for Vending Machines.

V.

The controversy aforesaid is predicated upon written letters of communication between the attorney for petitioner and the attorney for respondent, by which communication the petitioner submitted to respondent and to respondent's attorney a specimen of petitioner's Model 7000-C slug rejector, requesting the respondent to state whether or not respondent charged such model as infringing any of the claims of said Reissue Letters Patent No. 21,301, particularly claims 1 to 5 thereof; that respondent and respondent's attorney refused to so commit themselves. Copies of the aforesaid letters are hereto attached, made a part hereof, and marked "Petitioner's Exhibits A, B, C, D, E."

## VI.

Petitioner avers that since the issuance of said Reissue Letters Patent No. 21,301, the respondent has been and still is the owner of said Letters Patent.

## VII.

Petitioner is advised and believes and alleges that petitioner's rejectors, Models 7000-C series and 6500-C, do not infringe the said Reissue Letters Patent No. 21,301 or any claim thereof.

## VIII.

Petitioner avers that respondent cannot seek or obtain a construction of the claims of the aforesaid Reissue Letters Patent 21,301 so as to bring within said claims the petioner's slug rejectors, Models 7000-C series and 6500-C, by reason of the interpretation given to such claims, particularly reissue claim 1, by the Court of Appeals for the Seventh Judicial Circuit in its opinion rendered on October 10, 1950, in the case of National Rejectors, Inc., the respondent herein, vs. A. B. T. Manufacturing Corporation, the petitioner herein, Appeal No. 10,142, which court held and adjudicated reissue claim 1 as limited to slug rejectors employing a movable track-carrying scavenger plate and a movable wiper blade so timed in their operation that the scavenger plate and track carried thereby move away from a slug arrested within a coin pathway before the movable wiper blade wipes the arrested slug from such arrested position within said coin pathway; petitioner's slug rejectors, Models 7000-C series and 6500-C, were not involved in the afore-mentioned litigation.

## IX.

Furthermore, while the application for said Reissue Letters Patent No. 21,301 was pending in the United States Patent Office, the applicants therefor so limited and confined the claims of said patent upon the requirement of the Commissioner of Patents, that respondent cannot now seek for or obtain a construction of such claims sufficiently broad to cover petitioner's said slug rejectors, Model 7000-C series and 6500-C, or any of them, all of which appears from a certified copy of the file wrapper and contents of the application on which said Reissue Letters Patent 21,301 issued, which file wrapper and contents the petitioner will submit in due course.

Wherefore, your petitioner prays this Honorable Court to enter a declaratory judgment adjudging that said Reissue Letters Patent 21,301 and each and every claim thereof are not infringed by petitioner's slug rejectors, Models 7000-C series and 6500-C, and that petitioner may have such other relief as it may be entitled to.

Signed at Chicago, County of Cook, and State of Illinois, this 27th day of October, 1950.

A. B. T. Manufacturing Corporation,
/ By William Patzer,
President.

Attest:

Geo. L. Lewis
Secretary.

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## REPLY BRIEF FOR PETITIONER.

**Re Petition for Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit.**

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Chicago 2, Illinois.

THE BUNTHORP-WARREN PRINTING COMPANY, 310 WEST JACKSON, CHICAGO